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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

DIA review(s) completed.

State Dept. review completed

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6 March 1969

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Approved For Release 2004/07/08 : CIA-RDP79T00975A013200080001-6

Approved For Release 2004/07/08 : CIA-RDP79T00975A013200080001-6

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No. 0056/69
6 March 1969

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【South Vietnam: Six 122-mm. enemy rockets hit Saigon yesterday, killing 22 civilians and wounding 43 others; the second shelling of Saigon since 1 March.

This latest enemy action is a calculated act of defiance, probably intended to underscore Communist insistence that they will not curb military activities without progress in the Paris talks. The Communists clearly hope that sporadic attacks of this sort, and such terrorist acts as the attempted assassination yesterday of Prime Minister Huong, will shake the South Vietnamese Government and produce divisions on the allied side.

In view of the attempted assassination of the prime minister and the repeated rocket attacks on Saigon, many South Vietnamese leaders will probably urge President Thieu to withdraw from the Paris talks at least temporarily or to make some other demonstration of firmness against such provocations.

Few significant contacts with enemy ground forces were reported on 5 March except for one prolonged clash with a North Vietnamese unit on the western approaches to Saigon.

This action occurred in Hau Nghia Province when an estimated battalion-sized force attempted to break through US 25th Infantry Division positions. The Communists were beaten back after taking heavy losses in the ten-hour engagement. Prisoner reports and constant harassing attacks in this sector had indicated that the enemy would attempt to move major forces toward Saigon via Hau Nghia.

Communist shellings and firefights in the western highlands of II Corps continued to gather momentum on 5 March and were expanded to include civilian as well as military targets. These attacks, coupled

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CIA/DIA AGREED ESTIMATES
OF ENEMY MILITARY-POLITICAL STRENGTHS IN SOUTH VIETNAM
As of 31 December 1968

MILITARY THREAT

Combat Forces	<u>150,000 - 180,000</u>
NVA	105,000 - 125,000*
VC MF/LF	45,000 - 55,000
Administrative Services	<u>55,000 - 75,000</u>
NVA	10,000 - 20,000
VC	45,000 - 55,000
Guerrillas	60,000 - 100,000**
TOTAL MILITARY THREAT	265,000 - 355,000

OTHER IRREGULAR
ORGANIZATIONS

Self Defense Forces	80,000 - 120,000
Assault Youth	10,000 - 20,000
TOTAL	90,000 - 140,000

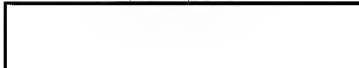
POLITICAL
INFRASTRUCTURE

80,000 - 100,000

**An estimated 20,000-25,000 of these NVA troops are serving in VC units. The estimate of NVA combat forces excludes an estimated 28,000 troops, not representing an immediate threat, deployed north of the DMZ*

***The military threat represented by the Guerrilla forces is not on a parity with that of main and local forces because probably only about one third of the guerrillas are well-armed, trained and organized*

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[with several recent incidents involving rural population centers in III Corps and the delta, suggest that the enemy may once again be making the allied pacification program a major objective. Prior to this, the program has been relatively unscathed by the enemy's latest offensive, a development in sharp contrast to the Tet offensive of 1968.

* * * *

A CIA and DIA Working Group has recently concluded a joint review of intelligence on the strength of the VC/NVA military order of battle, other irregular organizations, and the political infrastructure. The agreed CIA/DIA estimates of these forces as of 31 December 1968 are shown in the table.

The military order of battle or military threat component of the agreed estimate includes NVA and VC Main and Local Forces, Administrative Services Forces, and Guerrillas. Their combined strength as of 31 December 1968 is estimated at from 265,000-355,000 troops.

The enemy has also organized many other elements of the South Vietnamese population. These are not part of the direct military threat, and CIA and DIA have attempted to quantify only those elements judged to perform some military support functions or to be the principal target of allied pacification and security programs. These groups include an estimated 90,000-140,000 persons in Self Defense and Assault Youth organizations and an estimated 80,000-100,000 persons in the Political Infrastructure.

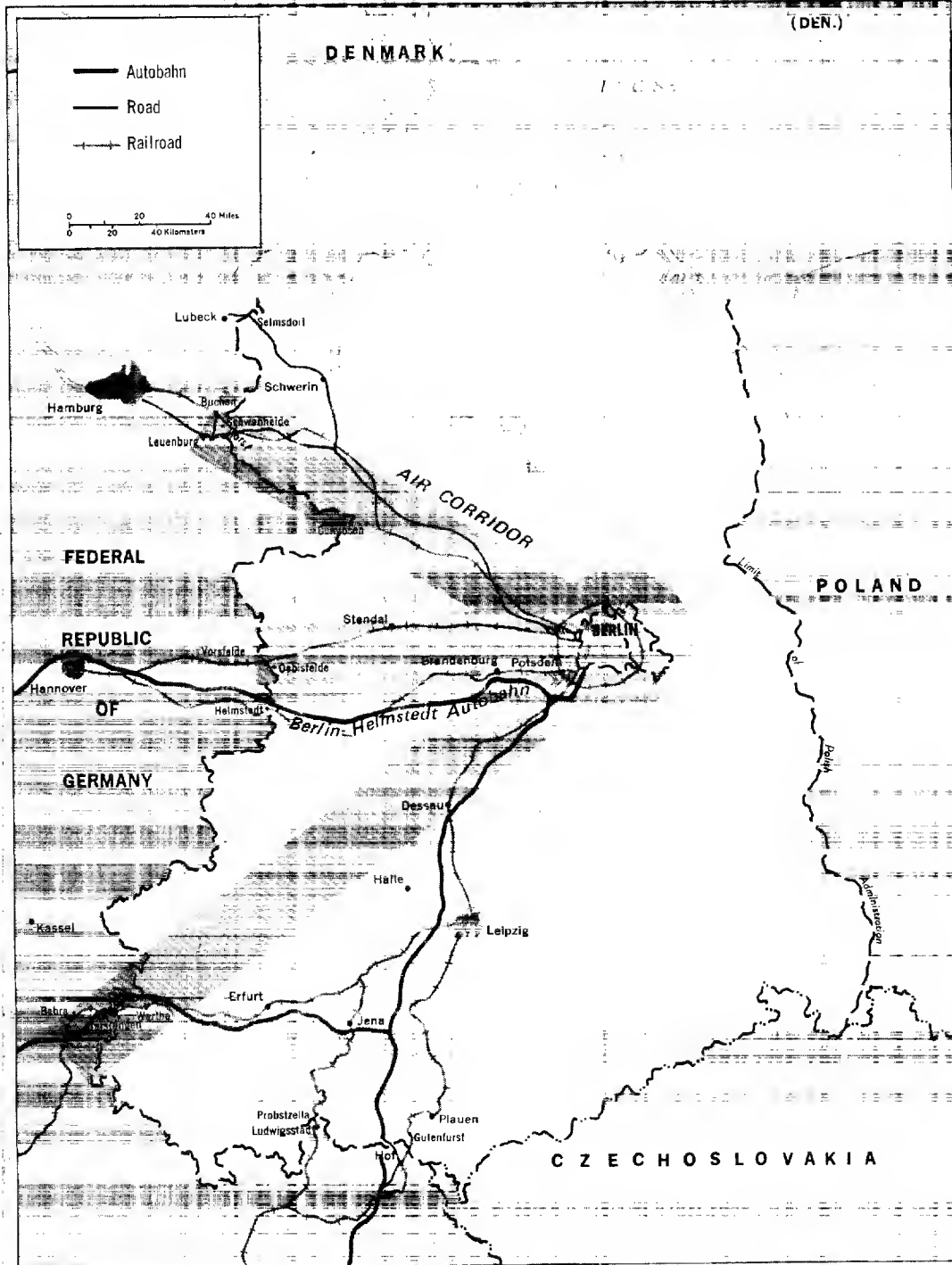
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Berlin: Yesterday's meeting of the West German Federal Assembly in West Berlin passed without major harassment.

The East Germans twice closed the Berlin-Helmstedt autobahn yesterday, once for three hours and once for four hours. These were the longest closures during the current imbroglio. For the first time the other two major roads to West Berlin were closed, also for four hours. US and British convoys experienced some delays. There was no harassment of West Berlin itself, and access from West Berlin to the Communist part of the city was not impeded. According to West Berlin Mayor Schuetz, this week's minor harassments have had little effect upon the morale and confidence of the city's inhabitants.

A Soviet diplomat in East Berlin, however, has suggested that problems concerning access to West Berlin may not be over. On 3 March the Soviet official, who has accurately "predicted" East German moves in the past, said that in the next six months the East Germans will gradually impose restrictions on the transport of industrial goods to and from the city, "right down to the buttons" used on West German Army uniforms.

This statement may have been intended as a follow-up to the Soviet note of 28 February in which Moscow requested the East Germans to study measures to cut off the flow of military goods allegedly manufactured in West Berlin. Neither the Soviet note nor subsequent East German statements tied implementation of such measures to the presidential election, thus leaving the door open for continuing them after the electors go home. [REDACTED]

[REDACTED]

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West Germany: The effects of the election in Berlin of Gustav Heinemann, the Social Democratic Party candidate, as President of West Germany are likely to carry over into next September's parliamentary election period.

Heinemann, 69, is expected to provide a more lustrous presence in the largely ceremonial office when he takes over from [REDACTED]

[REDACTED] Heinrich Luebke, who retires on 30 June. Heinemann, unlike Luebke, has never been accused of collaboration with the Nazis, and therefore will not provide as vulnerable a target for East German propaganda.

Heinemann's slim margin of victory was provided by the small Free Democratic Party, which threw its support to him, partly to keep open the possibility of a governing coalition with the Social Democrats in Bonn after the September election.

Some Christian Democrats, unaccustomed to defeat in national contests, may view the results sourly and feel justified in conducting an even tougher political campaign next fall. Their defeated candidate, Defense Minister Gerhard Schroeder, may make himself available once more for the chancellorship--a post he has long wanted--and resume his role of intraparty rival to Chancellor Kiesinger.

[REDACTED]

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Eastern Europe - USSR: Moscow and its Eastern European allies are trying to work out a common line on several intrabloc problems before dealing with the broader problems facing the Communist movement.

Polish party chief Gomulka's visit to Moscow on 3-4 March was the most recent in a series of top-level bilateral meetings. Earlier this year East Germany's Ulbricht and Hungary's Kadar visited the USSR, and other Eastern European leaders may soon follow suit.

The bland Polish-Soviet communiqué and the mention of "exchanged opinions" suggests that Moscow solicited and advanced views on nagging problems of improving the organization and functioning of the Warsaw Pact and CEMA. The root issue, however, appears to be the degree of Moscow's control and use of these organizations in applying the principle of "limited sovereignty" in Eastern Europe.

Differences over specific proposals apparently have delayed calling top-level multilateral economic and Warsaw Pact meetings since late last year. Hungarian and Polish economic experts have taken part in detailed talks in Moscow following the visits of their party leaders, and a Rumanian economic delegation arrived there on 5 March. Latest reports predict an economic summit meeting in Moscow in late March or early April.

The USSR, through its bilateral talks with the Eastern Europeans, probably hopes to resolve at least some of the problems in advance of the postponed international Communist conference in May in Moscow. There, the Soviet leaders evidently hope to achieve at least a facade of Soviet-led Communist unity and be in a better position to deal with Peking and other schismatic parties. [REDACTED]

[REDACTED]

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Yugoslavia: Attendance by the Soviet Union and some of its like-minded allies at the Yugoslav party congress remains in doubt.

Sixty delegations have accepted invitations to the congress, which opens on 11 March, but Rumania is the only Communist country to do so. Even though Poland did not invite Yugoslavia to its congress last November, Belgrade asked all ruling Communist parties except China, Albania, North Korea, North Vietnam, and Cuba.

The Yugoslavs also have invited representatives from several social democratic parties including, for the first time, the West German Social Democratic Party. The Germans have agreed to send three high-level observers.

The number two man in the Yugoslav party, Mijalko Todorovic, met with the Soviet ambassador on 18 February and 1 March, but it is not known whether they were able to find a compromise which would allow Soviet participation. Moscow is disturbed because the Yugoslavs have made it clear that at the congress they will denounce the Soviet intervention in Czechoslovakia and extol the decentralization inherent in Yugoslavia's "self-management" policies. An article on 4 March in Pravda stresses that "self-management" undermines the leading role of the party.

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Czechoslovakia: Defiant Czechoslovak writers are not supporting the regime's recent policy of reconciliation with the invasion powers.

The progressive Czechoslovak writers' union has boycotted a meeting of Soviet bloc writers which opened yesterday in Budapest. The union says it will accept contacts with its Soviet and East European counterparts, but only on more equal terms.

The Czechoslovaks had earlier indicated that there could be no rapprochement with Soviet writers until Soviet publications apologized and retracted attacks on their writers' union president Eduard Goldstuecker, who is in exile. The writers, most of whom still support Dubcek, may also be seeking an end to the diatribes against the Prague leadership carried by the Russian literary journals.

The Czechoslovak writers' union, which appears to have been relatively inactive since the invasion, is showing new signs of vitality. It will hold its first federal writers' union congress on 12 April in Bratislava. The congress is likely to be stormy, with renewed demands by some liberals that the regime abolish its present restrictions and restore to the mass media the freedom of speech and expression they had prior to the invasion. [REDACTED]

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Peru: The government has tentatively decided that if the US asks it to return the destroyer Isherwood because of the recent fishing boat incident, all five US ships on loan will be sent back.

Peru now has two destroyers and three other vessels on loan from the US, but only the Isherwood could be subject to US legislation requiring the recall of ships on loan to a country that seizes US fishing boats. [REDACTED]

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The Peruvian Navy reportedly is pushing for the purchase of ships from the United Kingdom to replace those on loan from the US. In addition, a Lima newspaper with considerable influence in the government has called for the purchase of British destroyers equipped with the Seacat naval surface-to-air missile.

Serious consideration will probably be given to this proposal, particularly if the Isherwood is recalled. The fact that Chile, Argentina, and Brazil already possess the Seacat would make a strong case for the purchase, but in view of Peru's serious economic problems, the large price tag would be a strong argument against it. [REDACTED]

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Panama: The junta government has officially decreed the "extinction" of all political parties pending revision of the electoral code governing formation of new parties.

The initial decision to take this step was announced by former national guard chief of staff Martinez shortly before his expulsion by commandant Torrijos. Figurehead junta leaders Pinilla and Urrutia stated that the move was intended to ensure that no one "gets advantage" in elections promised for the first half of 1970.

Details on the nature of these elections have not been disclosed and a prominent member of the electoral tribunal says that the question of whether to hold presidential elections next year is still being debated in government councils.

Military and civilian elements are also reported to be at odds over requirements for registration of new parties. Guard leaders prefer a higher minimum membership figure, but the politicians argue that this might lead to the legal qualification of only one party. This would presumably not displease the guard, which seems bent on forming its own political organization. [REDACTED]

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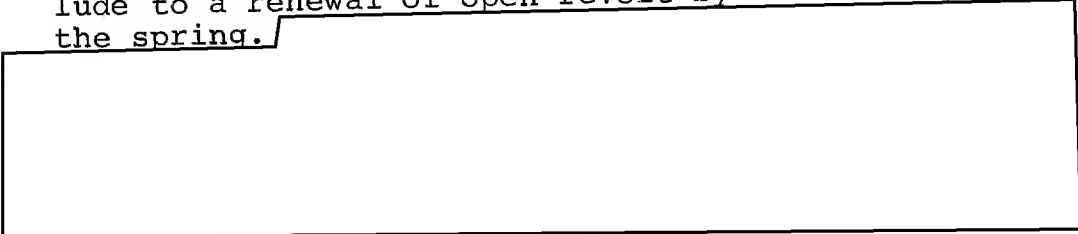
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Iraq: Damage to an Iraq Petroleum Company (IPC) plant in northern Iraq has severely curtailed the country's oil production.

The plant was hit by rocket or mortar fire on the night of 1 March. As a result, IPC states Iraq's production has dropped from about 1.1 million to only about 440 thousand barrels per day. It will probably take two weeks before production begins to rise again and considerably longer before former levels are reached.

There is no information on the identity or motives of those responsible for the sabotage. The installation is located in Kurdish territory, and it could have been attacked by Kurds as a prelude to a renewal of open revolt by the Kurds in the spring.



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Tunisia-Algeria: A new rift apparently has developed between the two countries, diminishing hopes for harmony in the Maghreb.

Algerian Foreign Minister Bouteflika will not make the official visit to Tunisia scheduled for this month, according to a Tunisian official. Bouteflika was to have signed the protocols hammered out by a mixed Tunisian-Algerian commission that met in Algiers in January. These protocols concerned the export of Algerian crude oil through Tunisia, and trade and financial accords.

The Tunisian official claims that Algeria not only refuses to discuss border questions but is unwilling to accept the findings of the National Geographic Institute of Paris which studied all aspects of the disputed border under a Tunisian-Algerian agreement concluded last year. Algeria continues to insist that the present border be maintained; Tunisia, in light of longstanding territorial claims, cannot consider this.

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